United Nations E/2012/56

Economic and Social Council

Distr.: General
16 April 2012

Original: English

Substantive session of 2012
New York, 2-27 July 2012
Item 2 (c) of the provisional agenda*
High-level segment: annual ministerial review

Letter dated 4 April 2012 from the Permanent Representative of Brazil to the United Nations addressed to the President of the Economic and Social Council

Attached herewith is the national report of Brazil on progress towards the achievement of the internationally agreed goals, including the Millennium Development Goals, for the annual ministerial review to be held during the high-level segment of the substantive session of 2012 of the Economic and Social Council (see annex).

I should be grateful if you would circulate the present letter and its annex as a document of the Council, under item 2 (c) of the provisional agenda.

(*Signed*) Maria Luiza Ribeiro **Viotti**
Ambassador
Permanent Representative

* E/2012/100.

12-29618 (E) 180512

Please recycle

Annex to the letter dated 4 April 2012 from the Permanent Representative of Brazil to the United Nations addressed to the President of the Economic and Social Council

National report of Brazil on progress towards the achievement of the internationally agreed goals, including the Millennium Development Goals

Summary

The existence of opportunities to gain access to decent work for men and women is a central factor in overcoming poverty and social inequality. Work is one of the main links between economic and social development, as it represents a fundamental mechanism through which benefits can effectively reach people and, therefore, be better distributed. In Brazil, according to data from the Family Budget Survey 2008-2009 carried out by the Brazilian Institute of Geography and Statistics, about 61 per cent of family income is derived from work. This means that a great part of family income and, consequently, of people's living conditions, depends mainly on the income generated in the labour market.

On the other hand, it is not possible to think of economic and social development without considering the challenge of its sustainability over time, which presupposes its harmonization with the present and future availability of natural resources indispensable for the exercise of economic activities and people's quality of life. Sustainable development implies a balance between the economic, social and environmental dimensions of human activities, which, in turn, is made possible only insofar as it is able to generate decent work for all. Decent work appears, therefore, to be both an end in itself and a means of promoting sustainable development. Because it is associated with the goal of extending social protection and decisively contributing to the expansion and guarantee of labour, human and citizenship rights, decent work also constitutes an important factor of democratic governance.

Lastly, decent work is not dissociated, in today's Brazil, from the promotion of productive capacity and feasibility of sustainable companies. It should be emphasized that sustainable companies are a main source of growth, wealth creation and decent work. Encouraging and promoting sustainable companies is an important tool for its execution.

Having the National Employment and Decent Work Plan as its axis, the present report sets out an analysis of the Government policies and programmes that contributed to the partial or full accomplishment of the Millennium Development Goals and targets, which are intrinsically linked, and what challenges need to be faced and overcome in order to eradicate poverty in Brazil.

I. Overview

1. In the view of the federal Government, Brazil's commitment to promoting decent work includes the escalation of this objective to the centre of public policies and its effective incorporation as one of the structuring axes of strategies for development, eradication of poverty and reduction of social inequalities. Contributing decisively to the more equal distribution of the fruits of economic growth, the extension of social protection and the expansion and guarantee of human rights and citizenship, decent work is also a political goal, as it contributes to the strengthening of democracy and governance.

2. In 2008, Brazil had already attained the first of the Millennium Development Goals (eradicate extreme poverty and famine) by cutting poverty to one quarter of the 1990 level. It should be noted that Brazil's target was more ambitious than the international target of halving extreme poverty by 2015.

3. The positive results recently observed cannot be understood without mentioning the strategy implemented since the Government of President Luiz Inácio Lula da Silva took office, which, in addition to maintaining macroeconomic balances and facing a series of extreme vulnerabilities in the country, was characterized by a clear preference for redistribution based on the deepening of rights and institutions constructed during Brazil's recent history, especially in the redemocratization process. This choice was based on the conviction that income and resource distribution were necessary not only as a matter of social justice, but also as an essential factor for the resumption of economic growth and its sustainability. This strategy is what explains, in great part, the country's important successes over the past years in terms of reducing poverty and social inequality and its capacity to face the international financial crisis that began in 2008.

4. The strengthening of the internal market by including millions of Brazilians by means of income transfer policies and increased employment, the existence of a network of social protection and maintenance of State policies and instruments, such as public banks, together with the capacity to reconcile macroeconomic, labour and social protection policies, are the factors that explain Brazil's success in quickly overcoming the recent international crisis and stimulating development in an ongoing and sustainable way.

5. The experience of Brazil shows that the presence of a strong and efficient State constitutes an indispensable factor in guaranteeing an internal economy that is powerful and prepared to face the challenges of the twenty-first century. Brazil's good performance in the face of the global financial crisis mainly stems from the guarantee of macroeconomic stability, solidity in the banking system and the anti-cyclical policies adopted by the Government, which included reducing taxes, increasing the level of credit offered by public banks, maintaining the investments of the "Acceleration of Growth" programme and the valuation of minimum wage policy, and expanding the income transfer programme and unemployment insurance. This set of policies, which enjoyed public support because it was the fruit of an honest and intense social dialogue, carried out in, among others, the sphere of the Economic and Social Development Council, guaranteed the sustainment and expansion of the internal consumption market, a fundamental factor in avoiding the deepening of the recession and leveraging the country's economic and social recovery.

6. The average annual economic growth of 1.7 per cent, as seen between 1998 and 2002, increased to 4 per cent between 2003 and 2011, the drop of 0.6 per cent in 2009 at the peak of the international financial crisis notwithstanding. The effects of the crisis were immediately reversed by expansion of 7.5 per cent in 2010, a rate that had not been reached since 1989, and growth of 2.7 per cent in 2011. The official estimates of the Ministry of Finance for the period 2011-2014 indicate an average growth of 4.8 per cent.

7. Formal employment generation was unprecedented in the country's history. The macroeconomic and institutional picture, the strategy of social inclusion promoted by the Government, together with corporate dynamism, led to an increase in companies' productive capacity. Access to credit, the transfer of income programme, the creation and/or strengthening of public systems through the single health system, the single social assistance system, the national food and nutrition safety system and the national social interest housing system, in addition to investments under the "Acceleration of Growth" programme, were also fundamental for the expansion of formal employment.

8. Between 2003 and 2011, 17,329,000 formal job posts were generated in Brazil, according to the Annual Report of Social Information and the General Register of Employment and Unemployment, prepared by the Ministry of Labour. This means that 46.01 million workers had formal work contracts at the end of 2011, an increase of some 50 per cent over nine years. The unemployment rate in the country's six metropolitan regions dropped from 11.6 per cent to 5.5 per cent between June 2002 and January 2012. The increase in the number of formal jobs available expanded the level of social protection of employed people and their dependants. According to the population census, the proportion of those employed with a signed labour and social security identification card increased from 36.46 per cent in 2000 to 44.46 per cent in 2010, a rise of 21.9 per cent. According to the National Household Sample Survey, the percentage of social security taxpayers increased from 46.3 per cent to 54.1 per cent between 2003 and 2009, a rise of 17 per cent.

9. The strong expansion of formal employment was followed by a policy to increase workers' income, especially through the revaluation of the minimum wage, which, by benefiting active workers and the large numbers of retirees, has significantly influenced the consumption and living conditions of millions of families. The nominal value of the minimum wage rose from R$200 to R$622 between April 2002 and January 2012, which was equivalent, without taking inflation into consideration, to a real increase of 65.95 per cent. Both the Government and the trade union centres agreed with the basis for the valuation of the minimum wage policy in 2006 (valid until 2023), against the adjustment of inflation, in addition to the gains in the real growth of the gross domestic product (GDP). The real average income of workers, according to the National Household Sample Survey, rose from R$888 to R$1,111 between 2003 and 2009 (a real increase of 25 per cent). The monthly average income of individuals aged 16 years or older with income was around R$1,200 in 2010, according to the population census.

10. The most recent information regarding the formal labour market indicates that salaries are continuing to increase above inflation levels: a real increase of 2.6 per cent of the average remuneration of workers between 2009 and 2010 (Annual Report of Social Information) and a real increase of 3.12 per cent of the average

salary of those entering formal employment and hired under employment law in 2011 (General Register of Employment and Unemployment). The increase in employment, together with the rise in salaries of the employed population and the expansion of the coverage and value of the family grant programme — over 13 million families included and more than R$13 billion allocated — and other income transfer programmes, such as the continuous cash benefit programme (which reached 1.7 million persons with disabilities and 1.6 million older persons in 2010, using about R$20.1 billion in resources), contributed to bringing 27.9 million people out of poverty between 2003 and 2009, while 35.7 million people moved into classes of higher consumption power.

II. Implementation of national development policies and strategies

Evaluation of the National Employment and Decent Work Plan (2006-2011 goals)

11. The National Employment and Decent Work Plan, built up from dialogue and cooperation between agencies of the federal Government and involving a broad process of tripartite consultation, aims mainly at contributing to the promotion of employment and decent work in Brazil, pursuant to commitments assumed by the country in its national Decent Work Agenda. Its implementation aims at building the capacity of Brazil to make progress in facing the main structural problems of society and the labour market, of which the most significant are: poverty and social inequality; unemployment and informal employment; the need to expand social protection coverage; the proportion of workers with low levels of income and productivity; high rates of staff turnover; inequality in terms of gender and race/ethnicity; and health and safety in the workplace, especially in rural areas. In addition, efforts to attain the Millennium Development Goals cut across the Plan.

12. According to the proposal, analysis of national development strategies and policies will be carried out in the light of the priorities and results expected and set down in the Plan for 2011, taking into account the proposed theme for the report and the broad debate that the Plan has been achieving in the country.

1. Expected priorities and results

13. The goals foreseen in the Plan are based on the provisions of the multi-year plan 2008-2011 and the Decent Work Agenda for the Hemisphere (2006-2015), and were consolidated after broad consultation with the sections of the federal Government responsible for managing the programmes and actions that are part of the Plan. The adopted baseline is the year 2006, and the goals are anticipated for 2011 and 2015, most being included in the multi-year plan 2012-2015. The priorities correspond to those set in the national Decent Work Agenda and are described below.

Priority 1: Generate more and better jobs, with equal opportunity and treatment

Expected results

14. The expected results are as follows:

(a) Target public and private investments and fiscal and financial incentives to strategic sectors in order to generate jobs and promote sustainable development, by means of:

(i) Sustainable companies;

(ii) Undertakings to improve or preserve environmental quality;

(iii) Micro-business and small-sized companies;

(iv) Cooperatives and interdependent economic undertakings;

(v) Family agriculture;

(b) Maintaining and institutionalizing the minimum wage valuation policy;

(c) Strengthening the public system of employment, work and income by integrating policies on professional qualification, labour intermediation and unemployment benefits, in addition to the expansion of professional qualification policies and labour intermediation, especially for young people and the population of African origin;

(d) Expanding and strengthening social protection of workers and their families, especially more vulnerable social groups and migrant workers;

(e) Developing legislative and political initiatives to facilitate the transition from informal to formal activities, taking into account gender and race;

(f) Increasing equality of opportunities and treatment in the labour world, in line with the Equal Remuneration Convention, 1951 (No. 100) and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), both of which have been ratified by Brazil.

Priority 2: Eradicate slave labour and eliminate child labour, especially in their worst forms

Expected results

15. The expected results are as follows:

(a) Progressive eradication of child labour;

(b) Implementation, monitoring and evaluation of the second National Plan for the Eradication of Slave Labour;

(c) Implementation, monitoring and evaluation of the national plans to combat human trafficking and sexual violence against children and adolescents.

Priority 3: Strengthen tripartite players and social dialogue as a tool for democratic governance

Expected results

16. The expected results are as follows:

(a) Strengthening and expansion of social dialogue mechanisms and authorities, especially collective bargaining instruments;

(b) Implementation of measures to promote the International Labour Organization (ILO) Declaration on Social Justice for a Fair Globalization, to promote the examination of international labour standards and application of those standards ratified by Brazil, in consultation with employers and workers;

(c) Promotion of decent work agendas in regions, states, municipalities and economic sectors in consultation with workers' and employers' organizations.

Other Government initiatives

17. The aim is to identify which political interventions helped such progress, taking into particular account the promotion of productive capacity, employment and decent work for the eradication of poverty. The present report describes for reflection, among several Government initiatives, the valuation of minimum wage policy, the "Acceleration of Growth" programme 2007-2010, the family grant programme, the "My House My Life" programme, the "Greater Brazil" plan and the "Brazil without Extreme Poverty" programme.

2. First national conference on employment and decent work

18. The first national conference on employment and decent work was announced by the President of Brazil in November 2010, with the goals of preparing a national policy on employment and decent work and reviewing and updating the National Employment and Decent Work Plan. The conference forms part of a broad process of discussion and citizen participation undertaken by the federal Government in the most diverse areas of public policy and includes the broadest process of tripartite social dialogue ever seen in Brazil on global labour themes.

19. The national conference, which will take place in August 2012, has been preceded by over 100 municipal and regional conferences and 26 state conferences (held in June and December 2011), with an estimated participation of 23,000 people, including representatives of local governments, workers' and employers' organizations and other civil society organizations involved in the labour sector. The state-level conferences, which chose approximately 1,000 delegates to send to the national conference, were important in strengthening tripartism and social dialogue throughout the country. A commitment to structure state agendas on decent labour was made by 11 Brazilian states.

3. Preparation of the national Decent Work Agenda for young people

20. The national Decent Work Agenda for young people was approved by tripartite consensus and released by the Minister of Labour and Employment in May 2011. It is structured around four priorities (more and better education; balance between studies, work and family life; worthy and active insertion in the labour world; and social dialogue on young people, work and education). It is being adopted as a

reference on the theme "Inclusion of decent work for the young" of the first national conference on employment and decent work and the second national conference on young people.

4. South-South cooperation in the implementation of the National Agenda on Employment and Decent Work

21. In addition to technical cooperation, which has been used in the implementation of the National Agenda on Employment and Decent Work, another important mechanism is South-South cooperation, as anticipated in a cooperation agreement signed in 1987 between ILO and the Government of Brazil. The agreement foresees the provision of technical cooperation in other Latin American and African countries. Through this instrument, ILO and Brazil have been promoting the dissemination of good practices and initiatives developed in Brazil on the themes comprising the priorities of the Agenda. The global programmes currently being implemented are a South-South programme for the prevention and eradication of child labour in the Americas; a partnership programme for the promotion of social security; a programme on strengthening trade unions in the areas of social security, health and labour security in African countries; and programmes to eliminate forced labour and promote green jobs.

5. Social dialogue

22. Over the past years, Brazil has been endeavouring to promote employment and decent work, and to democratize labour relations based on tripartite social dialogue. In fact, the strengthening of tripartism and social dialogue as instruments of democratic governance is one of the priorities of the National Agenda on Employment and Decent Work and the National Employment and Decent Work Plan, both having been conceived through tripartite dialogue.

23. Many collegial bodies in Brazil today count, to a greater or lesser degree, on the participation of representatives of employers' and workers' organizations and civil society, in addition to Government agents. Together with national conferences, hearings and public inquiries and Government ombudsmen, these bodies constitute a significant space for the acknowledgment of social participation.

24. Some examples of bodies in the labour world where social dialogue takes place are:

(a) Tripartite Committee on International Relations;

(b) Tripartite Commission on Equal Opportunities and Treatment on Gender and Race at Work;

(c) Quadripartite Commission on Minimum Wage Strengthening;

(d) Permanent Joint Tripartite Commission;

(e) National Immigration Commission;

(f) National Permanent Port Council;

(g) National Solidary Economy Council;

(h) National Social Security Council;

(i) National Commission for the Eradication of Child Labour;

(j) National Commission for the Eradication of Slave Labour;

(k) Tripartite Commission on Work Security and Health.

25. In addition, the General Secretariat of the Presidency of the Republic instituted some dialogue and negotiation round tables between civil society and the Government in 2003, aiming at reaching an understanding on various themes. In the format of tripartite committees, with the participation of representatives of the Government and employers' and workers' organizations assured, these round tables are important forums for discussion of crucial issues of Brazilian life, encompassing both economic and structural situations. The aim of these initiatives is to promote social dialogue through transparent negotiation, able to increase the quality of life and work of the Brazilian population. Two examples are the dialogue and negotiation round tables to improve labour conditions at sugar cane plantations (established in 2008) and at heavy and civil construction (established in 2011).

III. Government policies and programmes and their progress

A. Valuation of minimum wage policy

26. The minimum wage constitutes the basis of the salary structure and is intended to protect workers, in terms of base salary distribution. The minimum wage has existed in Brazil since 1940, but its real value has been changing over time, depending on the country's economic and political scenario.

27. With the beginning of the external debt crisis in 1982, the minimum wage value fell for a long period, and the situation began to reverse only after the implementation of the Real Plan in 1994. By 2003, the minimum wage had recovered more significantly, showing a real gain of 65.95 per cent in January 2012. As a result of the country's positive economic growth between 2006 and 2012, important real rises in the minimum wage were registered (approximately 5.2 per cent per annum).

28. The Brazilian minimum wage defines the level of remuneration of salary earners in the private and public sectors and serves as a reference for a series of social security policies, including retirement and benefits for the unemployed and persons with disabilities. The minimum wage is also used to measure the poverty line. Furthermore, there is evidence that the minimum wage affects the salary of workers without a signed labour and social security identification card, given that both employees and employers often negotiate the salaries paid in these sectors by using the minimum wage as a reference (known as the "lighthouse effect").

29. In 2004, in response to a demand by trade union centres, a quadripartite committee for the valuation of the minimum wage was created, aimed at formulating a proposal for a programme for the valuation of the minimum wage, and analysing its impacts on the labour market, social security and policies on social assistance and development in the scope of the federal Government and other federal agencies. The committee comprised representatives of the Ministry of Labour and Employment, the Ministry of Planning, Budget and Management, the Ministry of Social Welfare, the Civil Affairs Ministry, the Ministry of Social Development, the Secretariat of Institutional Relations of the Presidency of the Republic, the General Secretariat of the Presidency, various trade union centres and

corporate confederations, representatives of retirees and guests of the State/municipal public power.

30. As a result of these negotiations, a permanent policy for the valuation of the minimum wage was agreed upon in 2007. The criteria of this policy was to transfer the inflation of the period between its adjustments, the real increase stemming from the variation in GDP, in addition to the anticipation of the base date of its adjustment — every year — until it is fixed in January.

Progress

31. In 2003, still without a defined adjustment policy for the minimum wage for subsequent years, the readjustment was 20 per cent, in view of accrued inflation of 18.54 per cent, which corresponded to a real increase of 1.23 per cent. In 2004, the increase was 8.33 per cent, whereas the national consumer price index accumulated by 7.06 per cent. In 2005, the minimum wage was adjusted by 15.38 per cent, against inflation of 6.61 per cent. In 2006, inflation stood at 3.21 per cent and the readjustment was 16.67 per cent, with a real increase of 13.04 per cent. In April 2007, the wage varied by 8.57 per cent for a national consumer price index increase of 3.30 per cent between May 2006 and March 2007, which represented a real increase of 5.1 per cent in the minimum wage. The international economic crisis, which began in 2008, did not interrupt the valuation of minimum wage policy agreed between the federal Government and the trade union centres: the nominal increase of 12 per cent foreseen for February 2009 was put into practice, increasing the minimum wage from R$415 to R$465, equivalent to 6 per cent of the real increase. In January 2010, the minimum wage was readjusted once again by 9.7 per cent (6 per cent in real terms), to R$510 per month. In 2012, the minimum wage rose to R$622, with a real readjustment of 7.59 per cent.

32. The decision to keep the foreseen increases in minimum wage had important consequences. First, it meant an increase in the income of workers with lower wages, helping to support the consumption of those families. Second, it helped to support family income as a whole, as several social protection regimes are linked to the wage, especially the social security, continuous cash and unemployment benefits. Retired individuals, whose retirement plan had a value above the minimum wage, also reaped the benefits of the rise, albeit with lower intensity. The January 2012 increase represented a net impact of about R$14.8 billion in addition to the R$19.2 million in social security benefits.

33. It is estimated that the amount of R$22.9 billion corresponds to the increment of consumption tax collection and the economy's income increment will be R$47 billion. Brazil has 48 million people whose income is based on the minimum wage, about 25 per cent of the Brazilian population.

34. The stipulated goal for 2015 of the Decent Work Agenda for the Hemisphere (2006-2015) is to revive the minimum wage as an instrument of wage policy and progressively link increases in remuneration to changes in productivity and the increased cost of living (goal 4.2.9). This concept has been incorporated into one of the action lines (salary and income policies) of the first priority of the national Decent Work Agenda.

35. Pursuant to the provisions of Act No. 12.382 of 25 February 2011, which regulates the minimum wage value in 2011 and sets its guidelines to run between

2012 and 2015, the readjustments to preserve the minimum wage over the mentioned period will correspond to variations in the national consumer price index, calculated and disseminated by the Brazilian Institute of Geography and Statistics, accumulated over the 12 months prior to the month in which it was readjusted, plus the GDP growth rate in the year before last. In 2012, the percentages of 7.5 per cent equivalent to the rate of GDP real growth recorded by the Brazilian Institute of Geography and Statistics for 2010 and the 6.08 per cent national consumer price index foreseen for 2011 were applied. The amount of R$621.50 was thus rounded to R$622.

36. The above-mentioned legislation also anticipates the constitution of an interministerial group, under the coordination of the Ministry of Labour and Employment, responsible for defining and implementing a system to monitor and assess the minimum wage valuation policy. The group will also identify the food staples that can be purchased with the minimum wage and its future projections resulting from the increase in purchasing power.

B. "Acceleration of Growth" programme 2007-2010

1. Characteristics

37. By launching the "Acceleration of Growth" programme in January 2007, the federal Government committed itself to making Brazil grow in an accelerated and sustainable way. The main challenges of President Luiz Inácio Lula da Silva's first term in office were to stabilize the economy and implement a new model of development in the country, combining growth and income distribution.

38. The programme was a development programme aimed at promoting the acceleration of economic growth, increasing the number of jobs and improving living conditions for the Brazilian population. Its measures over the period 2007-2010 were organized in five blocks: investment in infrastructure; improvement of the investment environment; long-term fiscal measures; reduction of the tax burden and improvement of the fiscal system; and encouragement of credit and financing.

2. Progress

39. According to the federal Government assessment, the main goals of the programme over the period were achieved. The rhythm of economic growth accelerated, the international financial crisis notwithstanding. In addition, a significant increase in jobs and income and a decrease in social and regional inequalities were recorded. The success of the programme in its initial years and the guarantee of continuity in the investment programme, in addition to the new goals set in the second phase of the programme, produce positive expectations for overcoming the country's infrastructure bottlenecks and an improvement in the living conditions of the Brazilian population in the future.

40. By analysing the macroeconomic scenario in the context of the programme's operation, it is possible to highlight:

(a) The average expansion of the Brazilian economy, even after the crisis;

(b) The palliation of the most negative impacts of the international financial crisis;

(c) The creation of new jobs;

(d) The drop in unemployment;

(e) The expansion of bank credit;

(f) A more robust national economy;

(g) The fact that inflation remained within the goals defined by the National Monetary Council;

(h) The expansion of primary expenses, increasing investments and strengthening the domestic market.

C. Family grant programme

1. Characteristics

41. The programme was created in October 2003 by Interim Measure No. 132, converted into Act No. 10.836 of January 2004. The financial benefits of the programme, the eligibility criteria for each benefit and the conditions to be met by beneficiary families or their members are defined therein.

42. It is a direct income transfer programme that benefits families living in poverty and extreme poverty. It integrates the "Zero Hunger" programme, the aim of which is to ensure the right to proper food, promoting guaranteed food and nutrients and helping the population most vulnerable to hunger to achieve citizenship.

43. The family grant programme serves over 13 million families nationwide. The amount received varies between R$32 and R$306, depending on family income per person (limited to R$140) and the number and age of children in the family.

44. Several studies show the programme's contribution to the reduction of social inequality and poverty. The fourth national report on the follow-up of the Millennium Development Goals shows a drop in the level of extreme poverty from 12 per cent in 2003 to 4.8 per cent in 2008.

45. The programme has three main axes: transfer of income, conditionalities and supplementary programmes. The first promotes the immediate relief of poverty, while the second reinforces access to basic social rights in the areas of education, health and social assistance. The last aims at family development, so as to help beneficiaries to overcome their situation of vulnerability.

46. The management of the programme is decentralized and shared by the federal Government, the states, the federal district and the municipalities. These actors work together to improve, expand and inspect the execution of the programme, created by Act No. 10.836/04 and regulated by Decree No. 5.209/04. The list of beneficiaries is public and may be viewed by any citizen.

2. Progress

47. Following analysis of the programme's contribution to reducing inequality and poverty in Brazil over the past 10 years (between 1999 and 2009), and its future potential, various aspects merit highlighting.

48. Pursuant to analysis by the Institute of Applied Economic Research, from 1999 to 2009, according to the National Household Sample Survey carried out by the Brazilian Institute of Geography and Statistics, the Gini coefficient (x100) fell from 59.2 to 54.0. The transfer of income through the programme accounted for 15 per cent of the drop over the period. What is most striking is that the programme did the same thing, representing only 0.7 per cent of the families' income, as measured by the research.

49. Where poverty reduction is concerned, the drop was almost 12 percentage points for the R$100 line of January 2004, from 26 per cent to 14 per cent of the population. The programme's beneficiaries accounted for approximately 16 per cent of the drop. For the R$50 line of 2004, poverty fell from 10 per cent to less than 5 per cent of the population and the programme's beneficiaries accounted for almost one third of the reduction. The effects of the programme in moments of crisis are perhaps even more relevant than its contribution to poverty reduction in the long run.

D. "My Home, My Life" programme

50. The "My Home, My Life" programme is a federal Government programme consisting of the acquisition of land and construction or reclassification of real properties contracted as housing undertakings in the form of housing estates or plot-division developments, comprising apartments or houses, which are transferred to families with monthly incomes of up to R$1,600.

51. The programme was launched in March 2009 with the aim of creating mechanisms to encourage the production and acquisition of 1 million new housing units. Currently, this goal is 2 million new houses for families with monthly gross incomes of up to R$5,000.

52. The initial goal was to contract 400,000 housing units for families with monthly incomes of up to R$1,600. Now, with the programme continuing, the goal is to produce 860,000 housing units by 2014, for operations contracted with specific funds from the residential leasing programme. The construction of housing units will begin with the contracting of undertakings in the form of housing estates or plot divisions, comprising apartments or houses.

Progress

53. When the programme continued, becoming "My House, My Life 2", the benefits were expanded. There was an increase in the number of houses, a greater volume of investments (a total of R$125.5 billion), enlarged income, priority accorded to low-income families, improved rules and provision of even better dwellings.

E. "Greater Brazil" plan

54. Although some Government initiatives are recent and their impacts not yet subject to evaluation, their goals and proposals indicate that they will be extremely important in meeting the goals set down in the National Employment and Decent Work Plan for 2015. Attention is drawn here to the "Greater Brazil" plan.

55. The "Greater Brazil" plan is the name that the Government uses to introduce the industrial policy for the period 2011-2014. The plan represents an update and extension of the policies implemented by the Government of President Luiz Inácio Lula da Silva by means of the industrial, technological and foreign trade policy 2003-2007 and the production development policy 2008-2010.

56. The plan is structured through sector guidelines and cross-cutting themes that define the set of actions to be implemented in a group of sectors classified by the Government as strategic for the strengthening of national industry, such as reduction of the tax burden in investments and exports; expansion and simplification of financing for investments and exports; increase in resources for innovation; improvement of the regulatory framework governing innovation; encouragement for the growth of small-sized businesses and micro-businesses; strengthening of the commercial defence; creation of special regimes to add value and technology in the productive chain; and the regulation of the public procurement law to encourage production and innovation in the country.

F. "Brazil without Extreme Poverty" plan

57. The promotion of decent work and eradication of poverty acquired new importance when the federal Government launched the "Brazil without Extreme Poverty" plan, aimed at meeting the goal set by the Government of President Dilma Roussef of eradicating extreme poverty in Brazil, which continues to affect 16.2 million people.

58. Over the past years, Brazil helped 28 million Brazilians to escape from poverty and brought 36 million people into the middle class. This work goes on, however, since 16 million people continue to live in extreme poverty. Accordingly, the Government has created the "Brazil without Extreme Poverty" plan, which improves and expands the experience of Brazil in the social sector. Launched in June 2011, it has three fundamental pillars — transfer of income, access to public services and productive inclusion — and is intended to set out a new challenge for public policies on work and employment.

59. A family is classified as living below the extreme poverty line if the family income per capita does not exceed R$70. This is greater than the extreme poverty line adopted in the Millennium Development Goals and used by the United Nations Development Programme ($1.25). A reference value for extreme poverty is given in the family grant programme.

60. The "Brazil without Extreme Poverty" plan covers some 16.2 million people nationwide. They are distributed as shown in table 1.

Table 1
Distribution of people covered by the "Brazil without Extreme Poverty" plan

			Urban		*Rural*	
	Total people	*Percentage*	*People*	*Percentage*	*People*	*Percentage*
Brazil	16 267 197	100	8 673 845	53	7 593 352	47
North	2 658 452	17	1 158 501	44	1 499 951	56
North-East	9 609 803	59	4 560 486	48	5 049 317	52
South-East	2 725 532	17	2 144 624	79	580 908	21
South	715 961	4	437 346	61	278 615	39
Centre-West	557 449	3	372 888	67	184 561	33

Source: Brazilian Institute of Geography and Statistics, 2010 census.

61. The extremely poor can be profiled as follows:

(a) Some 59 per cent (9.6 million people) are concentrated in the North-East Region;

(b) Of the Brazilians living in the countryside, 1 in 4 (25.5 per cent) lives in extreme poverty;

(c) Some 51 per cent are aged up to 19 years;

(d) Some 40 per cent are aged up to 14 years;

(e) Some 53 per cent of homes are not connected to the rainwater sewerage or septic tank general systems;

(f) Some 48 per cent of rural homes in extreme poverty are not connected to the general water distribution or have no well or spring in the property;

(g) Some 71 per cent are of African origin;

(h) Some 26 per cent are illiterate (aged 15 years or over).

62. The great challenge is to take the extremely poor population out of this condition, breaking the vicious circle of social exclusion. Income insufficiency is but one relevant indicator of deprivation. Social, geographic and biological factors multiply or reduce the impact of the incomes of each individual. The poorest people lack education, access to land and input for production, health, housing, justice, family and community support, credit and access to opportunities.

63. To achieve the goals set out therein, the plan will compare a map of poverty in Brazil with one of opportunities and one of needs in terms of public services, which, in partnership with states and city councils, will aim at setting up the most appropriate and efficient means of helping the target public of this policy to improve their living conditions, starting from the axes described in table 2.

Table 2
Axes of the "Brazil without Extreme Poverty" plan

Income guarantee	*Access to public services*	*Productive inclusion*
Family grant programme	• Social assistance • Education • Housing documentation • Support to the population living on the streets • Food security • Electricity • "Acceleration of Growth" programme • Health	1. Urban (employment and income generation) • Professional qualification • Intermediation/opportunities • Economy of solidarity • Microcredit • Individual micro-entrepreneurs 2. Rural (production increase) • Access to means of production • Technical assistance and family follow-up • Access to markets • Self-consumption

IV. Growth challenges in 2012-2015

64. The progress made over the past decade notwithstanding, Brazil faces great challenges in continuing its growth in the future, including:

(a) Investment and infrastructure;

(b) Domestic market;

(c) Credit;

(d) Social programmes;

(e) Tax solidity;

(f) Currency stability;

(g) External markets.

65. Accordingly, the Government has been endeavouring to promote improved labour conditions, not only by means of normative instruments, but also by setting up room for tripartite negotiations, which led to two national commitments with the sugar and energy sector (June 2009) and the construction industry (March 2012).

66. The football World Cup and the Olympic Games may be seen as two great national projects (being part of a development policy), which will involve significant work and have a significant impact on the direct creation of jobs. This boost, in turn, will affect the eradication of poverty and bring challenges in terms of

guaranteeing labour rights. It is thus part of the federal Government's challenges to ensure suitable preparation for the said events, and to ensure that they go off smoothly, so that they bring a broad and inclusive return in terms of development and generate decent work opportunities for Brazilians.

V. Final considerations

67. Whereas inequality remains a severe problem in Brazil, the development strategy conceived and implemented by the Government will be evaluated in terms not only of its economic feasibility, but also in terms of social and environmental aspects. Consequently, the level of development aspired to should be sustainable, so that economic growth, social inclusion, reduction of inequality and respect for the environment are clear.

68. It is also timely to emphasize that the experience of Brazil suggests that the very development of social policy significantly contributes, by redistributing income and generating domestic demand, to boosting GDP.